AMONG POSSIBLE RESPONSES TO GAMC PROBLEM: RESPITE CARE FOR THE HOMELESS

REUTERS

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One of the dilemmas facing hospitals is where to send homeless patients when they're too sick to return to the streets but not sick enough to remain hospitalized. Hospitalization can cost $1,000 or more a night, and the costs could go higher if patients don't have time to recuperate properly and end up returning to the emergency room.

As state lawmakers and advocates for the poor look for cost savings to restore some vestige of the General Assistance Medical Care program for impoverished adults without dependent children, setting up medical respite care for the homeless is among the ground-level solutions bubbling up from a variety of stakeholders.

On Tuesday, Gov. Tim Pawlenty met with DFL legislative leaders about the upcoming session, and health-care reform was among the topics, his spokesman said.

"Governor's office staff and commissioners are going to be working with legislative committee chairs to continue to reform these programs," spokesman Brian McClung wrote in an email to MinnPost. "While GAMC is not going to be reinstated in its current form, the vast majority of people on GAMC are eligible for MinnesotaCare. Moving forward, we will be seeking to modernize and reform Minnesota's publicly subsidized health-care programs, which have been growing at unsustainable rates for years."

Since Pawlenty used his line-item veto in May to strike $381 million in second-year funding for GAMC and then unallotted another $15 million, advocates for the poor, health-care providers, legislators and others have worked feverishly on solutions. Lawmakers have only a few weeks to find a veto-proof and unallotment-proof solution when the session begins Feb. 4 because GAMC in its current form expires March 1.

As MinnPost reported Oct. 15, a state solution also hinges on federal health-care reform legislation, which is expected to expand Medicaid eligibility to adults (with or without dependent children) making up to 133 percent of Federal Poverty Guidelines. (GAMC covers adults making up to $8,000 a year or 75 percent of FPG.) If federal legislation is enacted, implementation is a few years off. So, GAMC advocates and providers are seeking a short-term funding solution and cost savings.

Here's a look at a few of the ideas under consideration.

Medical respite care for homeless

One ground-level proposal comes from advocates for the homeless, whose ranks account for nearly 28 percent of GAMC recipients.

Minneapolis and Hennepin County are looking at offering 15 to 20 "medical respite" beds in a shelter, said Cathy ten Broeke, coordinator to end homelessness for the city of Minneapolis and Hennepin County. Instead of a longer stay in a hospital, homeless patients could recover in a shelter with medical supervision.

"We were wanting to do this even before the GAMC cuts because so many patients needed to get out of the hospital but had nowhere to go," she said. "Now it seems more critical than ever because of the GAMC cuts."

She has looked at respite care around the nation and found that the monthly cost for one person runs about $4,500 as opposed to $1,000 a night, or $30,000 a month or more, in a hospital.

Though there's potential for a regional or statewide medical respite program, she said, the city and county are focused on serving Hennepin County Medical Center in Minneapolis for now. "It will certainly assist the hospital with uncompensated care costs, but it's a small start. If it works, it could grow and be a bigger solution."

On any given night, 3,000 people are homeless in Hennepin County and half of them are age 21 or younger, she said.

People with roofs over their heads probably don't realize how much housing and health care are intertwined, said Monica Nilsson, director of street outreach for St. Stephen's Human Services in Minneapolis. "Because we work in housing and homelessness, we see a disproportionate number of GAMC recipients who need housing. We've seen how housing has reduced the need for ER visits and inpatient psychiatric admissions. Housing is health care to us."

More than 55 percent of GAMC funding now goes to hospitals. In general, the uninsured tend to show up in hospital emergency rooms – where health care is quite expensive -- because federal law requires hospitals to treat and stabilize them.

HCMC in Minneapolis, the state's public safety-net hospital, sees the lion's share of poor adults in the state because more than 41 percent of GAMC enrollees come from that county, according to a fact sheet from the Minnesota Department of Human Services [PDF]. In the east metro, Ramsey County has 12.6 percent of enrollees, many of whom seek care at Regions Hospital in St. Paul.

Divide the $381 million for 2010-2011 GAMC funding by 35,000 recipients, and you see that state taxpayers' annual cost per recipient is nearly $10,900. Since the governor is loath to raise taxes to bring in new revenue, HCMC and Regions are looking at options to soften the blow to their budgets.

HCMC: We want our money back

Expect to hear more about "certified public expenditure" in the upcoming legislative session. That's the amount of money a state uses to qualify for federal matching funds for public hospitals.

Technically, HCMC is the state's only public hospital and its GAMC payments and uncompensated-care expenses are used to qualify for a federal match. Although 45 percent of HCMC's patients receive GAMC or Medical Assistance (Medicaid), it gets 8 percent of the federal match back to cover its costs, says Larry Kryzaniak, chief financial officer at HCMC.

State law requires that half of the federal match go into the Medical Assistance account, DHS spokeswoman Karen Smigielski wrote in an email. In 2008, she said, DHS received $28.8 million

in a federal match. Half went to the MA account and the other half was distributed to hospitals in quarterly payments.

"These payments are all specifically set in law and DHS does not have any discretion on the level of payment or what hospitals participate," Smigielski said in her email.

HCMC thinks it should get at least a proportionate share of those matching dollars since its expenses are used to qualify for federal funds. One of HCMC's solutions is to bypass the state and apply on its own for a federal match.

"Our contention is that you if look at the history of these federal dollars it feels like it should be coming back to public entities," Kryzaniak said. "Very few hospitals understand this whole concept of certified public expenditures."

The hospital and Hennepin County were OK with the state's practice for a number of years, he said. But between shrinking Medicaid/MA dollars and Pawlenty's line-item veto of GAMC funding and unallotment, "this redistribution of dollars is magnifying the situation," he said.

"We've just started this conversation with legislators," he said.

Legislators understand that HCMC is the only hospital that meets the definition of a public hospital for CPE purposes, said state Senate Health Finance Division Chair Linda Berglin, DFL-Minneapolis. "But the decision was made that it [the federal match] shouldn't all go to them … it should be based on some objective criteria in terms of the needs of hospitals across the state," she said. Other hospitals in the state serve GAMC patients, though not as many as HCMC.

She doesn't think HCMC's proposal will fly because of outstate interests.

"It's a political issue to ask somebody from Duluth or Brainerd or St. Cloud to vote to take federal money away from hospitals and give it to one county," she said. "We are still a democracy. Hennepin County does have a lot of representatives in the Legislature but not a majority. … Even though other hospitals are affected in smaller ways, because they are smaller the impact can be just as great proportionately."

Regions: How about a hospital deductible?

Regions CEO Brock Nelson and other hospitals are looking at ways to keep the program alive

without raising state taxes. Nelson believes $200 million could be saved in the process.

One idea is a deductible amount – perhaps 1 percent of revenue -- that all hospitals would pay, he said. Once that deductible is reached, a hospital would be reimbursed for GAMC services.

"Another example might be the creation of what they call a doughnut hole," he said.

Hospitals would be reimbursed for up to the first $10,000 of services for a patient but would not be reimbursed for services between $10,000 and $20,000. Once $20,000 is reached, the hospitals would begin to receive reimbursement.

"What that would do," Nelson said, "is provide an incentive for hospitals to be efficient, to avoid costs, to avoid re-admissions and yet would recognize that if there were extreme … outlier cases, there would be reimbursement above a certain level for those patients."

Would an uncompensated care pool work?

At one point last session, Republicans suggested a $100 million uncompensated care pool to cover hospital costs for poor adults. The idea didn't fly, but it's expected to resurface.

Social-justice advocates say the pool has problems because it leaves out preventive care.

"It isn't enough for us to say a solution will be an uncompensated care pool for the hospitals," said Patrick Ness, policy manager for Catholic Charities' Office for Social Justice. "It's not a solution for people on GAMC -- they still lose primary care doctors and any access to mental health medications and medical equipment. …

"We are very concerned about the effects the cuts are going to have on hospitals," he said, "but our first priority is the health and well being of GAMC recipients."

Maureen O'Connell, a lawyer and director of the Legal Services Advocacy Project, said advocates for the poor are looking at solutions that will serve three distinct groups of GAMC recipients:

• Those who suffer a one-time catastrophic injury or illness: for example, an uninsured young male in his 20s injured in a motorcycle accident who doesn't need services once he is recovered.

• Those who are in their 40s and 50s and need health services but cannot afford health insurance or they aren't eligible for a Social Security disability classification.

• Those who are considered chronically ill because they suffer from mental illness, chemical dependency and/or ongoing physical maladies like heart disease or diabetes.

"We're trying to look at is there a more efficient way to deliver the care to a population, but we think something that people need to realize is that cutting off very sick people is not the way we are going to save money," O'Connell said. "A solution is not to encourage them to go to hospitals to get [expensive] care."

Typically, hospitals and insurers try to pass the costs on to the insured.

"My concern as an attorney who represents people on public programs is that I see this as just the start of the death spiral of all of our public programs," she said. "If MinnesotaCare [a subsidized health insurance program for low-income Minnesotans] was crafted knowing that we already had Medical Assistance and GAMC on the books, they were the pillars and MinnesotaCare was an overlay to those two public programs. So if you knock out one of those pillars, I'm afraid it's going to start some further domino effect."

Although the governor has said that many GAMC recipients are eligible for MinnCare, observers don't think the poor can afford the monthly premiums and co-pays. There's also a four-month waiting period.

The next question becomes, will MinnCare enrollees be bumped to make room for GAMC recipients? There's no definitive answer yet, though eligibility requirements have been tightened in the past to stretch Health Care Access Fund dollars raised from a 2 percent tax on health-care providers.

How about Medical Assistance?

Hennepin County is in the process of trying to determine how many of its GAMC recipients might be eligible for Medical Assistance, said Dan Engstrom, director of Hennepin County's Human Services and Public Health Department.

Adults without dependent children are eligible for MA if they qualify for Social Security disability payments and if they don't have chemical dependency as a primary diagnosis.

More than 40 percent of the county's GAMC recipients are diagnosed as mentally ill and/or chemically dependent, Engstrom said. The county is particularly concerned about these

recipients losing access to prescription medication because it can "destabilize" them, he said.

The MA/Medicaid program is jointly funded by the state and the federal government, so a shift of GAMC patients to that plan could mean the state is on the hook for more money.

"If this situation is not figured out, we're going to see more people in the ER than we normally see on an outpatient basis or for preventive services," he said.

No specifics yet on legislative solutions

Pawlenty isn't giving specifics yet other than to say the majority of GAMC recipients are eligible for MinnCare.

Sen. Berglin, who has held work sessions with stakeholders, says "it's a little premature" to talk about potential solutions. "We're not sure if they're going to work. We are in the process of trying to flesh them out … but I don't feel comfortable talking about them at this point in time."

Assistant House Majority Leader Erin Murphy, DFL-St. Paul, says she has been "meeting with stakeholders all fall in order to better understand the population served, ideas for reform that would improve outcomes and to begin to build support for legislation. But I do not yet have a proposal."

Murphy, a nurse and member of the House's Health Finance Division, also has set up a meeting with state Rep. Jim Abeler, R-Anoka, vice chair of the division and a broker of sorts to the administration. "I understand my Republican colleagues are working on reform ideas as well and we will work through these ideas," she said.

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